

II.	FISCAL SECTION
900	Equipment Purchases

901 General Information

This information applies to equipment purchased with Federal Share funds. Equipment, for the purpose of the *Network* Program, is defined as non-expendable property used in conducting eligible nutrition education activities, and includes items such as computers, televisions, VCRs, cameras, typewriters, calculators, furniture, etc.

Equipment is defined as:

1. **Major equipment:** A tangible or intangible item having a base unit cost of \$5,000 or more with a life expectancy of one (1) year or more and is either furnished by the California Department of Health Services (CDHS) or the cost is reimbursed through this agreement. Software and videos are examples of intangible items that meet this definition.
2. **Minor equipment:** A tangible item having a base unit cost of less than \$5,000 with a life expectancy of one (1) year or more that is listed on the CDHS Asset Management Unit's Minor Equipment List (See Appendix Section Form A15) and is either furnished by DHS or the cost is reimbursed through this agreement.
3. **Miscellaneous property:** A specific tangible item with a life expectancy of one (1) year or more that is either furnished by CDHS or the cost is reimbursed through this agreement. Examples include, but are not limited to: furniture (excluding modular furniture), cabinets, typewriters, desktop calculators, portable dictators, non-digital cameras, etc.

All equipment purchased solely or partially with Federal Share funds belongs to the State and may be retrieved upon termination of the contract. Do not dispose of equipment in any manner without obtaining prior written approval from the *Network*.

Be sure to prorate the cost of the equipment if it will not be used exclusively for eligible nutrition education activities. Also, for staff dedicating less than 100 percent full time equivalent (FTE), contractors need to prorate the cost of equipment to reflect the percentage of time spent or the proportion of the activity that relates directly to FSNE. Equipment will not be allowed for staff dedicating less than 50 percent FTE.

902 Contractor Equipment Purchased with CDHS Funds

All equipment purchased with *Network* funds must be documented on Form A16 entitled, Contractor Equipment Purchased with CDHS Funds. Electronic versions of the form are also available online at www.ca5aday.com/FiscalGM. Submit this completed form with any invoice that contains expenditures for equipment. CDHS will issue State ID tags for the equipment and the assigned Contract Manager will forward the tags and instructions to the Contractor for placement of the tags on the equipment.

If an invoice that contains an expense for equipment is submitted without the Contractor Equipment Purchased with CDHS Funds form, the invoice will not be processed until the form is received and approved.

Please review the contract boilerplate for additional procurement rules and regulations. The following steps must be completed to receive reimbursement for equipment:

1. All equipment purchased under this contract must have previously been described in the "Equipment Expenses" line item of your approved Budget Justification. *Network* approval

must be obtained for any additional equipment that was not previously approved on the justification.

2. Immediately after purchasing equipment, complete the Contractor Equipment Purchased with CDHS Funds form. Directions are on the back of the form. List all equipment purchased.
3. Submit the completed form to the assigned CM along with the Invoice on which the equipment expense is billed. Do not submit the form directly to the CDHS Asset Management Unit. Equipment purchases billed (Invoiced) to the contract will not be paid until the Contractor Equipment Purchased with CDHS Funds Form has been submitted and approved.

903 Inventory/Disposition of DHS-Funded Equipment

If the term of the contract covers more than one year, and the equipment was purchased with Federal Share funds, the Contractor needs to submit an annual inventory of that equipment using Form A17, entitled Inventory/Disposition of CDHS Funded Equipment within ninety days of the end of the fiscal year.

This form must also be submitted along with the Final Invoice within ninety (90) calendar days of the termination of the contract (or alternate due date approved by the CPNS Contract Manager). Upon receipt and approval of the completed Inventory/Disposition of CDHS-Funded Equipment form, the assigned CPNS Contract Manager will contact the Contractor regarding equipment disposition instructions. Final disposition of equipment shall be at the *Network's* expense and according to *Network* instructions. The *Network* may at its discretion, authorize the continued use of state equipment for performance of work under a different DHS agreement.

904 Lost, Stolen, or Destroyed Equipment

Whenever equipment is lost, stolen, or destroyed, a report that contains the following information must be filed immediately with the CM:

1. A description of the events.
2. A list of the state identification tag number(s) of the item(s) lost, stolen, or destroyed.
3. A copy of the police report (not applicable for lost or destroyed equipment).
4. Precautions to be taken to prevent repeat situations.
5. Complete a Contractor Equipment Purchased with CDHS Funds form for any purchase of replacement equipment. Note: Purchasing replacement equipment will most likely require a budget adjustment to move additional funds into the Equipment Expenses line item.

905 Limitations of Equipment Purchases

1. **Cellular Phones:** Cellular phones are generally an unallowable expense. USDA has made exceptions for reimbursing cell phone costs if:
 - The majority of the person's time is spent in the field. USDA cited 70% or more of the person's time as what would be considered "majority of time."
 - Instead of purchasing separate cell phone plans for each person, the contractor's staff would share a cell phone.
 - If there is a safety issue involved (e.g., staff member often conducts activities in unsafe area of the city).

Cellular phones listed in budget justifications must contain a justification that addresses one or more of these points. Cellular phone costs must be prorated if the phone is also being used for non-FSNE purposes.

2. **Digital Cameras:** Contractors will be allowed to purchase digital cameras according to the following budget amounts:

Federal Share Budget

- Under \$500,000: 1 camera
- \$500,000-\$1M: 2 cameras
- \$1M or more, Regional Nutrition Networks, and coalitions: 3 cameras

All requests must include a justification for approval on the Budget Justification, including which activities the camera will be used for and which SOW objective(s) the camera is needed to support.

3. **Video Cameras:** USDA does not generally consider digital video cameras a reasonable use of FSNE funds. If a Contractor deems video cameras necessary to complete SOW deliverables, the Contractor will be required to submit a justification to the CM for approval that includes justification for how a video camera is necessary in order to execute the SOW.

Approval of video cameras will be based upon the following:

- Critical to SOW completion.
- More cost effective than to rent or to subcontract for video services.

Note: If a Contractor lists equipment in the budget justification or requests the purchase of equipment at any point during the contract term, the contractor will be required to submit a justification to the CM for approval that includes explanation for why the equipment is necessary in order to execute the SOW. The Contractor should be able to tie equipment purchases to specific SOW objectives if necessary.

4. **Computers:** Contractors are allowed to purchase a computer (on State or Federal Budget) for any staff performing FSNE activities that are budgeted at 50% or more FTE. If the staff member is not 100% allocated to FSNE activities, this cost must be prorated. Note: costs do not have to be prorated when a staff member's entire FTE is dedicated to FSNE activities even if their FTE is less than 100%. For example, an employee who is .60 FTE but who only works on FSNE activities would not need to prorate their computer.

Note: The useful life of a computer is 5 years. (Internal Revenue Service)

5. **Computer Lap Tops:** Laptop computers will need a separate justification for approval and should only be allowed when the following criteria are met:

- Purchase of a laptop is tied to a position.
- The position is at least .50 FTE in the field.
- The cost is reasonable.
- Costs are prorated by FTE.

Additionally, subcontractors requesting laptops must be contributing state share to the LIA. Purchase should be made by the prime contractor, so equipment tagging requirements can

be met and inventory control can be maintained. Additionally, the *Network* will not reimburse for laptops until Contractors can verify that they have adequate data encryption software on their laptops.

The useful life of a laptop is 5 years. (Internal Revenue Service)

6. **Mobile Food Demonstration Carts:** The term “mobile food demonstration carts” should now be used in lieu of the term “cooking carts.”

When mobile food demonstration carts and accessories go unused during much of the day-to-day classroom time, USDA views this as an inefficient use of funds and suggests purchasing communal school mobile food demonstration carts instead of equipment and appliances for each classroom, if possible.

One mobile food demonstration cart may be purchased per contractor. If a Contractor deems it needs more than one cart (e.g., a county office of education with multiple school districts), then they will be required to submit a justification to the CM for approval. Mobile food demonstration carts with a cost over \$1,200 will also need a separate justification for approval.

The following criteria will be considered when evaluating whether or not an organization can purchase additional mobile food demonstration carts:

- Number of schools/district.
- Frequency of demonstrations.
- Logistics, cost, and feasibility of sharing carts.

Contractors should try to purchase one set of “cooking demonstration supplies” per school. These supplies should be put on a mobile food demonstration cart and used for multiple classrooms. If more cooking supplies are requested, the Contractor will be required to submit a justification to the CM for approval.

7. **Refrigerators:** Contractors requesting a refrigerator need a reasonable and necessary justification, (e.g., they are doing a lot of taste testing, which is in the SOW). The cost must be \$800 or less and the refrigerator must be prorated if not used 100% for FSNE activities.